

GERMAN DEVELOPMENT
SERVICE (DED)/GHANA
MICROFINANCE
INSTITUTIONS NETWORK
(GHAMFIN)

EVALUATION REPORT
ON
MICRO- LOAN SERVICE
FOR
SELF HELP INITIATIVES (SHI)
&
NON-GOVERNMENTAL
ORGANISATIONS (NGOs)

DECEMBER 2002

INTRODUCTION

The overall aim of DED financial assistance to Self-Help Initiatives (SHIs) and Non-Governmental Organisations (NGOs) is geared towards poverty reduction, and strengthening of civil society development in Ghana. The target group is primarily women, youth and deprived groups or communities in the rural and peri-urban centres. The financial assistance is a grant aimed at contributing to the socio-economic development of the rural poor and the marginalized in the developing countries including Ghana. Thus the micro loan programme aims at unearthing the target groups' creative and productive capabilities so that their economic and social lives can be enhanced.

It has been realised that quite a number of people especially the poor do not have access to loans in the formal sector. In this way they rely on the formal sector with high interest rate, which does not help them accumulate the needed capital for their socio-economic development.

The objective of the DED micro loan programme is to help the underprivileged in society to have access to loans at an interest rate that will help them accumulate capital for their socio-economic development. The strategy, which DED has adopted, is based on revolving Fund.

The evaluation of this micro loan programme is to provide the overall framework for further assistance to the beneficiaries and to provide guidelines and recommendations to DED as to how subsequent collaboration with the local-based Non-Governmental Organisations and the Self-Help Initiatives Groups (SHIs) in Ghana should be, so as to help speed up the socio-economic development in Ghana.

METHODOLOGY

The methodology employed includes focus group discussions with the beneficiary groups. Questionnaires were administered to the individuals to seek information on their socio-demographic characteristics, achievements and problems, and how best the loan scheme can be improved. A questionnaire was also designed for the local based NGOs on the activities they have been carrying out, and how the micro loan scheme operates, as well as their problems and achievements.

A simple random sampling method was used to select individual respondents. A computer package (Excel) was used in the analysis of the questionnaires. The results were presented in the form of percentages and averages. The qualitative data was analysed alongside the quantitative data.

This report covers the Greater Accra Region and the Eastern Regions of Ghana. In all, the activities of four (4) NGOs were evaluated. They are Kraban Support Foundation and Women and Youth Development Agency (WOYODA) in the Greater Accra Region. Women Assistance and Business Agency (WABA), and Supportive Women's Organisation are the NGOs in the Eastern Region. Two independent Self-Help Initiative (SHI) groups in Accra were evaluated alongside five (5) groups depending on the NGOs.

GREATER ACCRA REGION

1. KRABAN SUPPORT FOUNDATION

The ultimate aim of Kraban, a non-religious non-governmental organisation (NGO), is to operate to enhance the access of small-scale entrepreneurs to sustainable financial services. The NGO, which has been operating for the past five years, facilitates savings-deposits and offer small-scale loans in addition to business development services in a cost effective and sustainable manner.

The objectives of the NGO are as follows:

To collaborate with other institutions to plan, design, implement and manage educational programmes such as rural health and sanitation improvement, water and waste management and environmental awareness creation.

To re-direct financial resources to organised community groups who generally have not had access to organised credit by linking them with already established rural and micro-finance institutions.

To sensitise self-propelling learner-groups and equip them with functional literacy skills.

Funds for disbursement to women's groups are obtained from contributions of directors, sole donors, DED and deposits from women's groups. These funds are combined in various forms and issued to beneficiaries as loans.

The NGO has a staff of five people working on allowances. There is an over-all director, a training director, a credit liaison officer, a facilitator, and an agricultural training officer. The staff is trained occasionally on topics such as micro financing, organic farming techniques, and proposal writing and project management. Topics in micro financing such as delinquency management, good governance, and introduction to micro financing are normally discussed at such training sessions.

COLLABORATION WITH DED AND THE SCHEME

Kraban has been collaborating with DED for two years in the areas of loan service delivery and training. It has sixty-four (64) clients on the DED scheme who are all women and belong to the Norviworwor Women's group. Forty-four (44) are beneficiaries of training whilst the rest are loan beneficiaries. Beneficiaries are selected on the following criteria:

Age (18years and above)

Gender (female)

Participation in an income-generating activity.

Willingness to share cost of a defaulting member.

In 2000, a request of ₵4 million was made to DED to be disbursed to the women groups.

However, an amount of ₵3.1million was granted by DED.

THE LOAN SCHEME

The interest rate on loans is 20%. Fixing of interest rate depends on the lending rates of financial institutions, the prevailing base rate of the central bank, the inflationary trends in the economy, and the amounts of donor funds available. The rates are normally fixed

below the lending rates of financial institutions in the economy. Loans are repaid directly to the director of the NGO. There has not been any default with DED funds; however, there has been a 10% default rate with funds from other donors. This is as a result of information given by some DED officials, upon meeting with the SHI group, that the money given to them was a grant and not to be repaid. The facilitator who makes a monthly visit to the beneficiaries to find out the state of the women's businesses supervises the use of the credit. The sanctions for defaulting are holding unto the savings of a defaulter and inaccessibility to repeat.

SUSTAINABILITY OF THE SCHEME

Financial measures of sustainability include linking up with other donors for financial support to add to the grants of DED. Institutional measures include linking up with organisations such as National Board for Small-Scale Industries (NBSSI) for training of the women and also recommending some of them for loan application at NBSSI. Yet another sustainability measure is the operation of an internal 'susu' contributions whereby an amount of ₵5,000 is paid weekly by each member. Part of this amount is given to the beneficiaries as loans when requested, leaving a minimum of ₵40,000. The impact of these sustainability measures on the women have been so great that some of them can self-reliantly walk into a financial institution and transact businesses such as opening an account or seeking for loans.

PROBLEMS AND CONSTRAINTS

One major problem encountered by the NGO in its loan administration is the high administration cost per loan size. Since loan sizes are small, it rather increased the administration cost. Another problem is the interference of DED, which lead to the default rate in loans.

NORVIWORWOR WOMEN'S GROUP

The Norviworwor women's group association is located at Christian Village in a suburb of Accra. The main activity is trading and it has 20 loan beneficiaries and 44 training beneficiaries on the DED scheme. It admits women in profit-making ventures as members of the group. Ten loan beneficiaries were present for the focus group discussion. The group meets each Wednesday at 2 p.m. for an hour to discuss financial issues concerning their businesses and also how to help each other. Occasionally, they organise general cleaning of the community and create hygiene awareness. This had an effect in improving the general cleanliness of the community. The group, being already in existence, was re-organised through the initiative of the NGO co-ordinator with the objective of acquiring financial assistance. The main goal of the group was to use the loans as working capital in order to obtain profit and contribute for the acquisition of an asset for common use. However, this goal has not been achieved as profits after loan repayment is not enough to enhance saving for such a purpose. Group members help each other by contributing and paying the debts of each other. Apart from financial benefit, the women gained knowledge through training on topics such as financial management, bookkeeping, health and sanitation. The women also contributed to the development of the town by contributing to finance the roofing of the primary school in the community.

SOCIO-DEMOGRAPHIC CHARACTERISTICS

The ages of the women ranged from eighty (80) to thirty-five (35) years. The average age was 55 years. Majority (60%) of the women was married and none was single. Twenty percent were divorced and 20% were widows. Eight women were Christians, one was a Moslem and the other one person was a traditionalist. The highest number of dependants was eight and the lowest was one. The average number of dependants was four. Forty percent of the women were heads of family and the rest had their husbands as heads of families. The highest level of education attained was commercial education, amounting to 12 years of formal education. Fifty percent of the women had no formal education. Their activities ranged from palm kernel cracking to travelling to buy goods for sale.

THE LOAN SCHEME

Kraban Support Foundation issued twenty women a total amount of ₦100,000 each from DED funds for the purpose of their businesses in the year 2000. This amount was disbursed in three installments and was used by the women for their businesses. In order to curtail loan default, group members were divided into sub groups of four members, whereby members of a sub-group were held responsible for the default of a member. The repayment duration was 8 months and the frequency of payment was once a week. However, there was an inconsistency in the interest rates and the grace period given by the respondents. Seven of the respondents claimed to have paid an interest of 40% whilst three paid an interest of 45% with a grace period of one week. The seven were granted grace period ranging from two weeks to two months. This inconsistency resulted from the differences in sources of funds. The women responded not to have started repayment on time, as one week is too short a time. Nine respondents were not comfortable with the repayment schedule due to the short grace period and the high interest rate coupled with the short frequency of payment. However, they were obliged to pay as scheduled, with the motivation of receiving further loans after repayment.

SUSTAINABILITY

To obtain financial sustainability of the credit delivery scheme, group members pay weekly 'susu' contributions into a fund, which is used when any member is in financial need. Eight women responded that they could still continue their businesses without going for loans as they can depend on their savings and also buy their trade items on credit. However, this would be with difficulty. Two out of this explained that the loan sizes were small and the interest rates were so high that they prefer to trade without the loan. The rest who could not continue their businesses without the loan expressed that their working capital was so small to enable them to continue without the loan. They all expressed the desire to expand their businesses to improve upon their livelihoods.

IMPACT ASSESSMENT

Generally, the effect of the loan did not reflect in the average production of the women. Rather it reflected in their purchasing power, as they no longer purchased their trade items on credit. Although their capital base increased because of the loan, they could not increase their production so much as prices of their inputs increased. However, one woman trading in palm oil was able to increase her production from the purchase of one

barrel to two barrels after the loan. A 35year old bread baker with four dependants was also able to increase her production from baking with three bags of flour to baking with four bags of flour. With the formation of the group and the training programmes, two women practised the knowledge they acquired on savings by taking the initiative to open saving accounts. Three women claimed not to save since their profits were not enough to save some. The women plough back some portion of the savings into their businesses whist one Moslem woman claimed she added some amount to the savings and assisted her daughter to acquire a plot of land.

Four respondents claimed they had no major achievements so far with the scheme. Three women were able to send their children to school and to cater for the education of their children. One has been able to renovate and expand her house. Another woman assisted her daughter to acquire a piece of land.

2. WOYODA

BACKGROUND

Women and Youth Development Agency (WOYODA), is a non-religious NGO. Its main objective is to bring women and youth together in community-based organisations (CBOs) to work together to help each other. It is involved in communal labour, income generating activities, savings mobilisation and supporting projects of CBOs. It has been in operation since 1996 and the sources of funds are from Metropolitan and Allied Bank and CBOs' contributions. It also obtains training support from NBSSI. The NGO does not own any vehicles for field trips. The office equipments in possession are a telephone, furniture and typewriters. The clients are three women groups namely Night market, Dar Es Salaam women groups and Muna soap makers' association. However, these are independent SHIs who receive funds directly from DED.

STAFF

It has a chairperson who has an assistant in organising the youth and women, a co-coordinator who brings the SHIs together for training. The staffs are occasionally trained on areas such as book keeping, financial management, Microfinance, organisation of meetings and report writing. Organisations such as NBSSI, Metropolitan and Allied Bank and Agric Development Bank are mainly the sponsors of these training sessions.

COLLABORATION WITH DED

In its collaboration with DED, the NGO facilitates group activities and offers financial support to the women as it also receives grants from donors. It has not yet been given any grant by DED to be disbursed to the women as the funds were directly given to the women. The basis for selecting beneficiaries is credit-worthiness, regular payment of dues, and the profitability of the person's business. Collateral in the form of group guarantorship is required for loan acquisition. The comparative advantage in loan administration is the disbursement of loans directly to the women. This makes administration easier.

SUSTAINABILITY

Financial sustainability measures such as linking up with financial institutions have made an impact of enhancing accessibility of loan to the women. This has made it possible for the women to obtain loans, using the grants from DED as securities. The internal 'susu' contributions have also yielded a regular source of funds.

NIGHT MARKET AND DAR ES SALAAM SELF-HELP INITIATIVE GROUPS

These independent SHIs are located at Darkuman, a suburb of Accra. The night market group has about 35 women as members and has been in existence for five years, whilst the Dar Es Salaam group, which has been operating for the past ten years has about ninety (90) members. However, only seven women are loan beneficiaries. Twelve women from the Night market group and eight women from the Dar Es Salaam group were present for the focus group discussion. The groups were formed through the initiative of a co-ordinator for WOYODA. The main goal of forming the groups is to foster unity among the women. The Night market group came together to work together and share the profit and also to obtain financial assistance from donors. However, this objective has changed over the time as they no longer work collectively, but rather give the money out as loans. This is because the profit from the product they were collectively producing - marcaroni, was so small to be shared gratefully by the members. The two groups meet separately every Thursday from 10 a.m. to 11a.m to have training sessions and to discuss financial issues concerning payment of internal 'susu' contributions.

In all eight (8) women from each of the groups were present for the interview, however, not all the eight women from the Night market group were loan beneficiaries. Four (4) were loan beneficiaries and the other four (4) were not. All the eight (8) respondents from Dar Es Salaam, all widows are loan beneficiaries.

SOCIO-DEMOGRAPHIC CHARACTERISTICS

Four out of the seven beneficiaries of the loan from the Night market group were present. They were aged between 30 and 40years and the average age was 37years. They were all married and two were heads of their families and the other two were not. At Dar Es Salaam, the ages of the beneficiaries ranged from 70 to 50 years and the average age was 59years. They were all Moslems and widowed and also family heads. The number of dependants ranged from 8 to 3 and the average was 6. The highest level of education attained for the two groups was middle school form 3. At the Night market group, the number of dependants ranged from 3 to 6 and the average was 5. Trading is the main activity of the women.

THE LOAN SCHEME

DED granted a loan of ₵1.7m directly to the Night market group in 1999. This amount was invested in marcaroni production. However, this project was abandoned, as the profit was not enough. Thus the money was invested at the bank and was used as a security for some of the women to gain access to loans from the bank. Seven women obtained ₵100,000 each with an interest rate of 20% and a repayment duration of 6months. The grace period was one week. These women had some other members of the group to serve

as guarantors. Contrarily, the grant of ₦2.4 million given to the Dar Es Salaam group was not invested in any activity but disbursed as loan to twelve women. Thus each woman received an amount of ₦200,000 with a repayment duration of 8 months and a payment frequency of once a week. However, there was no interest payment according to the Moslem faith as the group is made up of 95% Moslems. There has not been any default with any of the groups.

SUSTAINABILITY

One main sustainability measure of the two groups is the regular 'susu' contributions, which are collected and given to each member at a time.

All the women in the Night market group claimed they could continue their businesses without the loan but with difficulty and on a small scale. They all expressed the desire to expand their business in order to expand their profit base and to add to their working capital. However, fifty percent of the women of Dar Es Salaam claimed they could continue their businesses without going for loans but with difficulty as the income level was low. The other half claimed they could not continue their businesses without going for the loan since they do not have other sources of aid. They all expressed the desire to expand their businesses in order to have more profit. All with the exception of the 70-year-old widow expressed the desire to add new activities to their trade items. She explained that she could not cope with more activities.

IMPACT ASSESSMENT

At the Night market group, the impact of the loan was realised in the purchasing power of the women, as they no longer purchased their trade items on credit but on cash. One respondent had an increase of ₦40,000 in profit as a result of the loan. One woman began a new trade with the loan and obtained a profit of ₦40,000, which she saved at the bank. Three women saved their profits after working whilst one did not save, as her profit was so small. At the Dar Es Salaam group, situations were different as the impact of the loan was in terms of the quantities of trade items the women were able to purchase after the scheme relative to the quantities they purchased before the scheme. One seller of provisions could purchase half a box of milk, but with the scheme, she was able to purchase 1 box of the milk and added new items such as frytol oil, sugar and soap. Another woman who was selling groundnut paste added "agushie" and powdered pepper to her trade items after the scheme. One rice seller could purchase a bag of rice instead of buying it in cups. With the scheme, they did not acquire any new assets as they invested the profit in the education of their children. Three women saved some of their profit as the rest reinvested in their businesses. Two saved at home and one saved at the bank.

The social impact is in terms of an improvement in their livelihoods. One woman was able to buy sand to start a building project. The rest were able to pay the school fees of their children and to care for their homes.

Though the objective of the Night market group has changed with time there has been some achievements in terms of knowledge acquisition through the training session. In addition their standards of living have improved as they could now pay the school fees of their children. The Dar Es Salaam group was so grateful for the enlightenment they have obtained in development. As widows they have been able to single-handedly cater for the

social and academic needs of their children and also send some school dropouts back to school.

EASTERN REGION

A. AKIM ASAFO

WOMEN'S ASSISTANCE AND BUSINESS AGENCY

Background

WABA was established in 1996 and started collaboration with DED in 1999 and operates in seven (7) communities in the Akim Asafo project area. It has a field office located at Akim Asafo. Its objective is to provide financial assistance to the women's groups to enable them improve their production level and to become less dependent and self-sufficiency. They are also involved in training, counselling and advisory function.

The main source of the fund to the NGO is the German Development Service (DED). Other organisations and personalities such as the National American Women's Association (NAWA) and the US Ambassador have also made donations.

The Role of the WABA is to provide financial support to the women to improve their business enterprises and other trading activities. It has provided a flourmill to enhance bread making at a relatively lower cost.

STAFF

The staff is made of a project director, co-ordinator and a secretary. There is a flour mill operator who works on the flour mill provided by the NGO. In the past year, the staff has received training in the form of group establishment and organization as well as record keeping and micro financing.

COLLABORATION WITH DED

The NGO has been collaborating with DED since 1999 when they had about 90 clients. It now has 145 clients on the scheme. The loans granted to individuals are repaid after 8 months. During the first month, the borrower is required to pay 20 percent of the loan, which is the interest. In the proceeding month, she pays the remaining sum, which is spread over the remaining 7 months. The interest rate is calculated depending on the prevailing market interest rate. The clients however think the interest rate is too high since it is derived from a grant to the NGO. The fund is usually disbursed through the leaders. The criteria for selection are:

The individual must be a member of the group.

She must not be pregnant

She must bring a guarantor if the loan requested is more than ₺300,000.

In the previous year the NGO had benefited ₺4.8 million grant from DED.

The main constraint to the administration of the micro-loan scheme is late payment. The NGO however boast of high savings rate, increase of women's contribution in the in the home and an improvement in the health condition.

The scheme is sustainable both financially and institutionally. There are such schemes such as susu and welfare union that generate enough funds. Training is provided to members to take leadership position to enhance institutional sustainability.

REPORT ON GROUPS DEPENDING ON WABA: ABOKOBI, ABOABO AND ANYENESI IN THE NORTH TAFO DISTRICT OF THE EASTERN REGION
NGO: Women Assistance and Business Agency (WABA)
ABOKOBI

Table 1- CHARACTERISTICS OF GROUPS

Group characteristics	Abokobi	Anyenesi	Aboabo
No. of women present	10	6	7
Main activity	Palm-oil extraction	Palm-oil extraction	Palm-oil extraction
Year of group formation	1999	2000	1999
Group goal	To obtain financial support and help solve each other's problems.	Assisting spouses to take care of children at school.	Soliciting funds for various activities undertaken by the women.
No. of times receiving DED fund	Twice	Once	Twice
Problems	-	Long distance to venue of general meetings for all groups.	-

All the three groups meet separately every Friday fortnight. During such meetings they deliberate on their income generating activities. In addition, dues are paid and 'susu' contributions are made at meetings.

Out of the total number of seventeen women (17) interviewed, 13 are married, 2 are single, 1 divorced and 1 widowed. Although they are in a traditional setting, all the women are Christians. The divorcee, widow and single parents were heads of their families, whilst the married women had their husbands as heads of their families.

Twenty-nine percent of the respondents are natives of the respective towns with 71% being farmers who had migrated to these areas. Most of the women had had some formal basic education, however, 6% had no formal education. The average number of years of education was 8 years. The women did not only care for their own children but also had some other dependants to cater for. These were children of their siblings or relatives. The average number of dependents was five. The occupation of the women includes trading in agricultural commodities such as plantain, kontomire, lemon, bananas, citrus, cassava, tomatoes and other local vegetables. A few also trade in non-agricultural commodities like alcoholic beverages and slippers for both women and children. The others are farmers who also engage in palm oil extraction. Other activities they undertake are kenkey selling and the preparation of meals like porridge and gari with beans.

Most of the women knew about the group through the project coordinator. Their main reason of becoming members was for financial assistance and to pay their children's school fees. As part of the scheme members have been taught basic business and financial management skills and the habit of saving has also been inculcated in them so that they can allocate their own funds in paying children's' school fees and to expand

their businesses. Also, they were taught to cost their inputs, calculate their profits and to work effectively and efficiently in the utilisation of the loans received. They also learnt not to keep their money at home but to save at the rural banks where they could earn some interest. Some of the women's children were trained in soap making and tie and dye techniques. Hitherto, most women were not re-investing into their business but solely using their income for feeding the family.

THE LOAN SCHEME

Thirty-two percent of the women from Aboabo and Abokobi received loans on two occasions; ₦100,000 each for the first issue and ₦ 200,000 each for the second issue. The interest payment on the loans was 20% and grace period was one month. The repayment duration for the first issue was 6months and for the second issue, it was 8 months. No collateral was demanded for the women however each member comes along with a guarantor so that in a situation where one member defaults the others share the cost of the debt. There has not been any default rate so far. A greater proportion of of the women from Aboabo and Anyenesi (63%) received ₦ 100,000 at a 20% interest rate. Loans were paid either to the group leaders or directly to the project coordinator. The first instalment of ₦ 100,000 had already been fully paid but the second was still being paid as scheduled. Seventy-five percent of the women were comfortable with the terms of repayment because the interest rate on the loan was lower than that of the existing market rate. The other 25% were not comfortable with the terms of payment because they argued that the time required for the repayment was too short, and also since their customers purchased their commodities on credit. This made it difficult for them to pay early. Some of the women also delayed in repayment because of poor market for their commodities. In Aboabo and Anyenesi, the loans were fully recovered.

IMPACT ASSESSMENT

Because of the loan, the outputs of the various activities of the women had increased. As a result of the loan, some of the women added new income-generating activities to their main activity, which is farming. Some already involved in other income generating activities expanded them. Generally, there was an increase in the level of production of the activities of the women. One woman extracting palm-oil was able to increase her production from 3 gallons to 6 gallons. Another woman was able to purchase oil palm trees for palm-oil extraction. Yet another woman buying and selling foodstuff was able to increase her purchases with the loan. She was able to buy five bags of cassava instead of the previous four bags of cassava. She was able to add some plantain, kontomire and cocoyam. Other benefits obtained include the training from WABA in the form of tie and dye and soap making. This has the potential of creating income for the trainees. However, they do not have enough funds to start practicing the activities. They were able to expend their profits on health expenses, pay school fees of children and care for sick dependents. Profits were saved at the bank. Some women who were unemployed now have a new trade. Those already trading had noticed an improvement in their business. In spite of a general increase in their output, they all expressed an interest in expanding their businesses through an increase in the loan being given out. In addition, they have

been enlightened on basic health principles, nutrition and bookkeeping among other things.

SUSTAINABILITY

One financial sustainability measure is the 'susu' contributions which are given to one person at a time. This ensures that the women are always financially equipped for their daily activities. In spite of their 'susu' scheme, they appreciate the loans given out to them through the DED revolving fund. They acknowledged that this fund has improved their standard of living. They fully understand the loan scheme and are fully aware of the penalties that are associated with defaulting. Institutional sustainability includes training of the women in income-generating activities such as soap and tie and dye making. This will enhance employment generation and prevent poverty when funds are available for practicing. The training has also enlightened members among the groups to undertake leadership responsibilities.

SUPPORTIVE WOMEN'S ORGANISATION (SWO)

SWO is a non-religious NGO located in Saforo near Mamfe within the Akwapim North District of the Eastern Region. Their objectives are to alleviate poverty through various integrated projects and to combat environmental degradation. SWO is involved in three main areas:

Income generating activities

Environmental Issues: afforestation, sanitation and tree planting

Health Issues: reproductive health, HIV/AIDS and nutrition

In addition, they are involved in child related issues, children's rights, and women's rights. SWO has been in operation for the past 11 years. Their main source of funds is DED, Africa2000 Network, The British Embassy, Mama Cash of the Netherlands and the Ghana Aids Commission. Presently, there are about 44 members of staff. These include, the project coordinator, Mrs. Christiana Hall who coordinates activities of the project. Frank Asimeng, who is in charge of health issues especially HIV/AIDS in the surrounding communities. Agnes Nyarko is the administrative secretary and she is in charge of the environmental issues. There are about 40 other volunteers of SWO. The organisation had some training for the staff in the past year and this includes education in HIV/AIDS prevention and its causes. There has been no training in micro finance in the past year due to the absence of a permanent staff to be training them.

COLLABORATION WITH DED

DED has been collaborating with SWO for 3 years. It sought financial assistance from DED to grant credit to women in gari processing. There were 200 clients of SWO before they collaborated with DED. Prior to its collaboration with DED, SWO was involved in income generating activities such as fish farming, and gari processing and nursery production. Funds received from DED through the revolving fund are invested in gari processing, HIV/AIDS programmes and in honey production. The micro loan operates in this manner. A seed capital of ₵ 100,000 was given to each woman of the group. Gari

processing equipments (a gari bowl, an aluminium bowl, and sacks) valued at ₦ 300,000 was purchased and given to each woman. The total amount of loan per beneficiary was ₦ 400,000 at an interest of 20%. This loan was given out in November 2000 and an amount of ₦ 40,000 was to be paid each month for a period of 1 year. The loans were disbursed in the presence of the district chief in a short ceremony. In all, there are 35 clients on the DED scheme now. Twenty women are into beekeeping and the remaining 15 are into gari processing. It is important to note that beneficiaries of beekeeping had a grant but the revolving fund applies only to the 15 women involved in gari processing. In order to be a beneficiary of SWO, one must be prepared to be trained. The women are grouped in tens and made to apply for the loan. SWO pays regular visits to these groups to monitor their progress. They pay some dues and the group members determine the amount paid. Any member who fails to attend meetings more than three times is made to quit. SWO requested an amount of ₦ 7.8 million for women in beekeeping in July 2001. No collateral is demanded when loans are disbursed. The interest rate on loan is 20%. The interest rate is fixed based on the depreciation of the cedi, administrative costs and the increase in price of equipments. Bonuses are given out for beneficiaries who pay promptly. These bonuses are in the form of rice, cooking oil, matches and bottles of kerosene. Credit is disbursed as both cash and kind. The amount of loan granted in the year 2000 was ₦ 6 million at an interest rate of 20%. So far an amount of ₦ 1,215,000 has been paid. A grant of ₦ 7.8 million was granted to women in beekeeping last year. This year a total amount of ₦ 10,500,000 has been granted to SWO by DED for different projects. DED pays 70% of the salary whilst SWO pays the rest. SWO supervises the credit given to the beneficiaries on a weekly basis. Other Micro finance institutions and NGOs in the operational area of SWO are Rural Reconstruction Movement and Child Education Project. The Rural Reconstruction Movement has the same objectives as SWO but is specifically interested in health issues and immunization within the communities. They also help farmers in planting citrus and the proceeds are to educate their children. It is sad to note that they buy food on credit. Defaulters are sent to court. Due to the inability of the beneficiaries to pay on schedule the equipment for the gari processing were withdrawn from the women. This measure was adopted to allow for the sustenance of the scheme. The weekly visits by SWO to check on the repayment of the loan have been futile, as the loan were still not paid. Though the objective of the SWO is to reduce poverty among these beneficiaries, there has been no significant change in the standard of living of the women. Though most of them are married they have little or no support from their spouses. The women save through the 'susu' scheme and are encouraged to save at the Akwapim Rural Bank so that they could earn some interest on their money.

PROBLEMS ENCOUNTERED IN LOAN ADMINISTRATION

All 15 beneficiaries have defaulted. This is basically due to extreme poverty. They were in debt before benefiting from the scheme. It is alleged that some used their credit in settling their debts. Another constraint encountered in the administration of the micro loan scheme is that the staff members have scanty knowledge in the subject area. Due to the high rate of defaulters, very little has been achieved. Since the loan given out has not been fully accounted for, the scheme has not been beneficial to the women. Some of the problems encountered by the NGO is lack of commitment by members, lateness in attending meetings, absenteeism.

**REPORT ON SAFORO WOMEN'S GROUP IN SAFORO NEAR MAMFE IN
THE NORTH AKWAPIM DISTRICT OF THE EASTERN REGION
NGO: SUPPORTIVE WOMEN'S ORGANISATION (SWO)**

Background

The number of women present at the meeting was 15. Most of the women are farmers and they cultivate mainly cassava and maize. Some rear livestock, specifically sheep and goats. Some are engaged in beekeeping. The leader formed the group two years ago and the main objective of the group was to raise their income level through gari processing. They formed the group so that they could work as a team to support each other and this is done by paying monthly dues of ₦ 1,000. These are used to support bereaved members and for other social activities of the members. The group meets twice a week, that is, Sundays and Wednesdays and usually deliberate on the progress of their work and engage in the cleaning of the premises of the office where the NGO is located. They sometimes go to the individual homes and assist members who need some extra labour in processing the gari.

The average age of the women is 37. Eighty percent of the women are married, 14% are single and 6% were divorced. Most of them are traditionalists. All the women are migrant farmers and none of them had received any formal education. The average number of dependents is 6 and this included those who were living with their spouses. Though the women are usually not the heads of the family they cater for most of the needs of the homes. Individual members joined the group in order to benefit from the scheme in all aspects like financial support, the use of the machine in processing the gari and to be trained in the new of gari processing with Soya beans. Members were also taught the making of soap and pomade to supplement their incomes.

THE LOAN SCHEME

Their main source of finance is from DED and the total amount received was ₦ 100,000 in addition to others inputs valued at ₦ 300,000 for processing the gari. The loan was used in purchasing cassava for making gari. There is no other source of assistance on which the group can rely on in the absence of an external source however profits obtained from the sale of gari can be reinvested to expand their activities. SWO has been beneficial to them by providing them with a machine for grating their cassava.

Repayment duration was two years and the interest rate was 20%. They were comfortable with the terms of repayment because the interest rate was far lower than that of the moneylenders. Though they do not have any outstanding debts with other financial institutions they have debts with moneylenders within the community. There was no specific measure in place by the members to discourage defaulters but members were told by SWO that their working tools would be redrawn if they defaulted. Since they all defaulted the equipments were withdrawn.

IMPACT ASSESSMENT

As a group they have learnt new techniques in making gari. They can increase their incomes by processing gari fortified with Soya beans. They have received financial

assistance and can now save at the bank. Their objective of improving their standard of living has not been met and this is mainly due to poor management of the funds that were given to them. Through DED workshops with NGOs in Northern Ghana their knowledge in micro finance has been broadened. Beneficiaries have been introduced into saving at the banks.

SUSTAINABILITY

The group has a potential of sustaining itself through the new techniques learnt in gari processing. This can be practiced to yield higher incomes when further loans are not accessed.

CONCLUSION

- The impact of the loan on the livelihoods of the beneficiaries has been positive so far.
- The loans have been employed in income-generating activities and none employed the loan in housekeeping. Thus the women used the loan appropriately.
- It can be said that without the loan some women especially the group of widows would have been deprived so much. Thus the loan has reduced their poverty status.
- However, the impact cannot be quantified effectively due to the small sizes of the loan of the loans.

RECOMMENDATIONS

- Since all the groups interviewed complained of small loan sizes, a recommendation is being made to increase the size of the loan to benefit the women and to correspond to the inflationary trend.
- The loan sizes must correspond to the income-generating activity and the cash flow of the beneficiaries for them to obtain maximum benefit.
- The NGOs must be encouraged to reduce the interest rates to avoid delinquency and defaults.
- The repayment schedule should be revised to correspond to the nature of cash flow and the nature of activities of the beneficiaries. Some of the beneficiaries whose activities involve traveling were not able to meet the grace period of one week. Also beneficiaries whose cash flows are seasonal are not able to repay weekly and therefore absented themselves from weekly meeting.
- Although a majority of groups were trained on micro financing and book keeping before being given loans, a few groups, such as the Saforo Women's group, that were not trained exhibited high default rates. Thus, it is important to increase the training on loan management and its related topics. This will go a long way to sustain the revolving fund. Staff should be given relatively good salaries to boost their morale so that they monitor the various programmes effectively.